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h Annual Report

State Board of Hail Insurance

*To Montana Grain
Growers*



BRIEF SUMMARY

1930 STATE HAIL INSURANCE BUSINESS

Total Risk Written.....	\$2,001,047.00
Premium Charge	\$ 145,699.00
Losses Paid	\$ 93,314.00
Farmers Insured	1,562
Loss Claims Filed	249
Total Acres Insured	257,955
Average Insurance Per Acre.....	\$7.76
Aver. Acres Insured Per Farmer	165
Number of Days With Hail.....	33
Average Cost of Insurance.....	7 3/10%
Cost of \$10 Per Acre Insurance....	73c
RESERVE AVAILABLE FOR PAYMENT OF 1931 LOSSES (about)	\$103,000.00



GENERAL REVIEW OF STATE HAIL INSURANCE

In accordance with the Montana State hail insurance law the annual report regarding the operation of the department was sent to Governor J. E. Erickson on January 12th. For your information a part of the report is given in this publication together with other information regarding the work. Also full directions on how to obtain State hail insurance will be found beginning with page six.

Montana State Hail Insurance is a mutual fund operated by a board consisting of three farmers and two state officers. It has been the policy of the board to operate with a minimum of expense and technicalities. The support given the board proves conclusively that there is a great need for protecting growing grain against hail and that a useful service has been given to the grain growers.

State hail insurance in Montana has operated since 1917, or 14 years in all. All losses have been paid in full with the exception of 1918. At that time the rate charged was only one-half the regular rate for hail insurance. Such severe losses were encountered that only 44% of the losses could be paid.

After 1918 the rates were increased and a provision was made for the creation of a reserve fund which would take care of severe losses when they might occur. A reserve fund has now been built of about \$103,000.

Since 1918 the saving in the cost of State hail insurance to the grain growers has been more than \$20 on each \$1000 of insurance. Besides this saving it is felt that farmers in general enjoy better hail insurance conditions than they would have enjoyed had the State hail insurance not been in operation. Briefly, students of hail insurance find that State hail insurance has resulted in earlier payment of losses, more considerate adjustments, more favorable partial cancellation of policies, and an extension of the time hail insurance is in force from September first to September 15th.

RECENT CHANGES IN STATE HAIL LAW.

Continued operation of the department develops need of some small changes. Some of these were recently presented to the Montana legislature which resulted in the following amendments:

1. The hail insurance lien will not be filed against the crop of any grain grower if his land is unencumbered.
2. Any grain grower may receive State hail insurance at a discount of 4% if his application is accompanied with cash. In this case no liens of any sort are filed against the applicant.
3. The State Board of Hail Insurance has been given full authority to establish more liberal terms for partial cancellation of hail insurance policies in cases of crop failure from other causes than hail.

Detail of 1930 Risk Written, Premium Charge and Losses, Including 12 Year Loss Ratio


County	1930 Risk	1930 Levy	1930 Losses Paid	1930 Loss Ratio	Average Annual Loss Ratio 12 Years	Average Cost 12 Years
Beaverhead	\$ 400.00	\$ 25.20	-----	0	0	7
Big Horn	34,648.00	2,806.51	\$ 2,712.50	8	5	9
Blaine	51,302.00	3,693.78	250.00	0	5	7
Broadwater	-----	-----	-----	--	1	7
Carbon	-----	-----	-----	-----	3	9
Carter	8,320.00	599.04	608.50	7	3	7
Cascade	34,020.00	2,411.64	-----	0	2	9
Chouteau	51,185.00	3,685.14	4,017.00	8	2	8
Custer	35,421.00	2,805.39	4,943.53	14	9	8
Daniels	260,308.00	18,713.82	11,570.02	4	5	7
Dawson	73,898.00	5,317.08	9,043.73	12	6	8
Fallon	28,828.00	2,075.58	1,600.00	6	4	7
Fergus	9,075.00	674.33	-----	0	8	9
Gallatin	10,480.00	660.25	1,581.55	15	9	7
Garfield	26,875.00	1,877.80	592.50	2	8	8
Glacier	25,575.00	2,071.58	-----	0	3	8
Golden Valley	3,850.00	346.50	-----	0	16	10
Hill	22,690.00	1,633.68	192.00	1	3	7
Judith Basin	2,400.00	184.28	-----	0	4	9
Lake	480.00	21.60	-----	0	0	5
Liberty	38,910.00	2,801.52	1,487.75	4	2	8
McCone	279,032.00	19,923.11	713.50	0	3	7
Madison	1,163.00	73.25	-----	0	5	6
Meagher	1,000.00	90.00	-----	0	13	9
Musselshell	5,210.00	435.15	-----	0	16	9
Petroleum	6,850.00	481.55	-----	0	2	8
Phillips	14,190.00	919.08	48.30	0	5	7
Pondera	11,078.00	897.28	-----	0	7	9
Powder River	19,615.00	1,559.66	1,643.45	8	7	8
Prairie	109,130.00	7,857.32	17,621.10	16	7	7
Richland	64,396.00	4,636.50	6,053.70	9	4	8
Roosevelt	183,772.00	13,231.56	16,450.25	9	3	7
Rosebud	3,450.00	224.77	-----	0	5	8
Sheridan	272,202.00	19,591.35	2,057.13	1	4	8
Stillwater	1,000.00	90.00	52.50	5	11	10
Sweet Grass	220.00	19.80	-----	0	6	9
Teton	2,400.00	172.80	-----	0	1	9
Toole	64,933.00	5,230.82	3,259.30	5	6	8
Treasure	29,754.00	2,350.83	-----	0	7	8
Valley	62,702.00	4,458.74	258.12	0	4	7
Wheatland	7,400.00	666.00	923.00	12	10	9
Wibaux	126,900.00	9,090.90	4,506.40	4	5	7
Yellowstone	15,985.00	1,294.65	1,129.05	7	8	9
	\$2,001,047.00	\$145,699.84	\$93,314.88	5	6	8

TWELVE YEAR STATEMENT SHOWING COST PER ACRE AND IN PERCENTAGE

ADMINISTRATION ACCOUNT FOR 1930

Year	Cost for \$10 Per Acre Insurance	Average Cost in Percent
1919 Losses paid in full.....	.60	6
1920 " " " ".....	.80	8
1921 " " " ".....	.90	9
1922 " " " ".....	.70	7
1923 " " " ".....	.88	8 8/10
1924 " " " ".....	.83	8 3/10
1925 " " " ".....	.66	6 6/10
1926 " " " ".....	.69	6 9/10
1927 " " " ".....	.83	8 3/10
1928 " " " ".....	.75	7 5/10
1929 " " " ".....	.67	6 7/10
1930 " " " ".....	.73	7 3/10

1. State office salaries and traveling expenses (chairman, clerk hire, board members' per diem and expenses).....	\$6,106.00
2. General office expense (printing, stationery, postage, telephone, telegraph, equipment and supplies)	\$1,920.44
3. Hail adjusters' per diem and expenses.....	\$3,860.27
4. Advertising	\$451.78
Total expense for 1930 business.....	\$12,338.49
Expense collecting delinquent accounts.....	\$1,109.02
	\$13,447.51



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Brief Review of 1930 Business. All losses were promptly paid in full. The loss ratio was 5%, which was slightly under the average for all years. The first losses of the season occurred June 21st, the most severe were in July. Losses occurred in many days in August and were badly scattered, which resulted in high adjustment expense. The most damaging storms of the season were south of Terry, from Union to south of Glendive, and from near Wolf Point to Fairview.

Small Increase in Reserve Fund. The cash reserve fund at the beginning of 1930 was about \$100,000. The cash on hand and State General Fund warrants on hand now amount to \$103,000 which is an increase of about \$3000 over a year ago.

The Charge for 1930 Hail Insurance Was Reduced 10%. The cost was 90c per acre in zone 1, 81c in zone 2, 72c in zone 3, 63c in zone 4, and 45c in zone 5. The average cost for all insurance carried was 7 3/10%.

The Acres Insured Per Person Increased 11%. In 1929 the average acres per policy was 142 against 165 for 1930. This large increase is no doubt due to the increased use of large machinery. The insurance per acre decreased from \$8.18 to \$7.76 which is thought to be due to the unfavorable outlook in June and July, both as to yields and price.

The Combine Harvester. We have continued to give considerable attention to its use and have encouraged the use of windrowers wherever possible. We figure its use will some time greatly increase the losses when the circumstances combine to permit. To date no appreciable increase in losses from the use of the combine are apparent.

Adjusters for 1931. The loyalty and efficiency of the present adjusters has been generally satisfactory and no changes are figured on now for 1931. These men enjoy the confidence of the grain growers to such an extent that the most of the adjustments have been made with very little difficulty. A study will be continued of the effect of hail on grains, and more especially on beans, mustard and flax, in order that adjustments may continue to be made as equitably and satisfactorily as possible.

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN WHICH THE GRAIN TO BE INSURED IS GROWING.

Directions for Land Owners

Owners of unencumbered land may obtain hail insurance by merely filling out an application and filing it with the assessor. The assessor has instructions to receive all such applications and to make the charge for them **against the land only**. The crop lien provision in the application is not to be used and the application is not to be filed with the county clerk and recorder.

Directions for Owners of Mortgaged Land or Land With More Than One Year's Delinquent Taxes. If the land is under foreclosure a prior lien subject only to mortgage for feed and seed, must be given on the crop. The applicant must also furnish a prior crop lien for his hail insurance if his land taxes are delinquent more than one year.

Directions for Tenants

Any tenant may secure State hail insurance by furnishing a crop lien subject only to prior liens for feed and seed. The crop lien is made a part of the application. If prior liens are a bar to insuring, the tenant must either procure a waiver from the mortgagee and file it with the assessor with his application or else he must pay cash for his hail insurance. Blank waivers may be obtained from any assessor.

Any farmer may obtain hail insurance upon payment of cash and will be allowed a discount of 4%. No liens will be filed against the land or crops of those paying cash. Also if the rate for the year is reduced at the end of the season a refund will be sent all those who paid cash.

KIND OF CROPS THAT MAY BE INSURED AND AMOUNT OF INSURANCE PER ACRE

Kind of Crop	Nonirrigated Limit Per Acre	Irrigated Limit Per Acre
Wheat	\$10	\$10
Oats	\$10	\$10
Flax	\$10	\$10
Barley	\$10	\$10
Rye	\$10	\$10
Buckwheat	\$10	\$10
Corn	\$10	\$10
Speltz	\$10	\$10
Timothy	\$10	\$10
Sweet Clover Seed.....	\$10	\$10
Other Clover Seed.....	\$15	\$15
Alfalfa Seed	\$15	\$15
Peas	\$15	\$20
Beans	\$15	\$20
All Hay Crops.....	\$5	\$5

COST OF STATE HAIL INSURANCE

The average cost for all insurance carried is shown in the small table near the bottom of page three. The average cost in each county together with the average loss ratio is found to the right of the large table starting at the top of pages three and four. It is the policy of the Board to place the counties in the various zones according to the variation in the severity of hail damage. More detailed information on this will be furnished on request. The present rates and zones are found on the back of each application for hail insurance.

Reduced Rates in Case of Crop Failure. In case an insured crop is damaged or destroyed by other means than hail a reduced rate may be obtained. Full information on this is on the back of the application for hail insurance.

How Much Insurance Per Acre. Experience shows that hail insurance should be carried for protection only. Usually the limit of \$10 per acre is all the insurance needed. In fact in 1930 a large number took less than that. The average per acre was \$7.76. The limit of insurance per acre is given on page 6. Each grain grower will have to figure this matter out carefully. If conditions in any case seem to require more insurance than the limits given it may be obtained from one of the many stock company agents scattered over the state.

When to Insure. Practice shows that hail insurance should not be taken out until the grain is stemming and shows promise of a fair crop. Some practice putting on \$5 per acre as soon as conditions warrant and then add more towards harvest time. This matter also is one for the grain grower to carefully figure out for his own case. The assessors will be ready at any time to issue the hail insurance as needed.

Adjustment of Losses. The State Board of Hail Insurance has two adjusters who work all summer. Also there are about 25 local men who work as called. These men have a number of years experience and know the effect of hail damage on grain. Any claimant who is sure his damage exceeds 5% must file his claim with the state office at Helena. An adjuster is then sent. The average time of adjustment is about a week after the receipt of the claim. The adjustments are made more promptly towards the end of the season.

Payment of Losses. The hail insurance law provides that within 40 days of the occurrence of the loss, payment shall be made as follows: One-half the amount of the adjustment, less the amount owed for hail insurance, shall be sent the insured. The final payment shall be made as soon as practical after the close of the hail season. In recent years the first payment has been made in August and final payments in September.

MONTANA STATE HAIL INSURANCE IS A MUTUAL FUND. Full payment of losses depends on the amount of the reserve fund together with the current levy for the year. All losses sustained since 1918 have been paid in full. The present reserve for use in payment of losses is about \$103,000.

REASONS WHY GRAIN GROWERS SHOULD USE HAIL INSURANCE

The risk from hail damage exceeds that from fire several times, and therefore is more needed than fire insurance.

A large number of growers consider hail insurance a necessity.

Farmers whose main income depends on grain cannot afford to go without hail insurance.

Hail is the greatest unavoidable risk to which grain is subjected.

State hail insurance payments are not attachable.

State hail insurance payments may be assigned in any manner desired and may be used as a basis of credit.

PERSONNEL OF STATE BOARD OF HAIL INSURANCE.

E. K. Bowman, Chairman, Helena
Farmer and Member Montana Farmers' Union.

A. H. Stafford, Secretary, Helena
Commissioner of Agriculture.

F. E. Williams, Member, Helena
State Treasurer.

P. J. Anderson, Member, Conrad
Farmer and Former Officer Montana Grange.

B. J. Anderson, Member, Fairview
Farmer and Member Richland County Farm Bureau.

It is the duty of each assessor to furnish grain growers with full information regarding State hail insurance and to assist them in making application for hail insurance. This pamphlet is issued for the purpose of assisting assessors in presenting information to grain growers.

Ideas on the improvement of State hail insurance will be welcomed at any time from county officers or grain growers. Send them to the

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STATE BOARD OF HAIL INSURANCE
HELENA, MONTANA



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